

Consumption Taxes

Beer Tax
Cigarette Tax
Diesel Tax
Gasoline Tax
GVW & Other Fees

Liquor Excise & License Tax
Liquor Profits
Lottery Profits
Tobacco Tax
Video Gambling Tax
Wine Tax



Legislative Fiscal Division



www.leg.state.mt.us/fiscal/

Legislative Fiscal Division

Revenue Estimate Profile

Beer Tax

Revenue Description: A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A small portion of the revenue from the beer license tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

Applicable Tax Rate(s): The per barrel tax varies based on barrels of production: 1) up to 5,000 barrels - \$1.30; 2) 5,001 to 10,000 barrels - \$2.30; 3) 10,001 to 20,000 barrels - \$3.30; and 4) over 20,000 barrels - \$4.30.

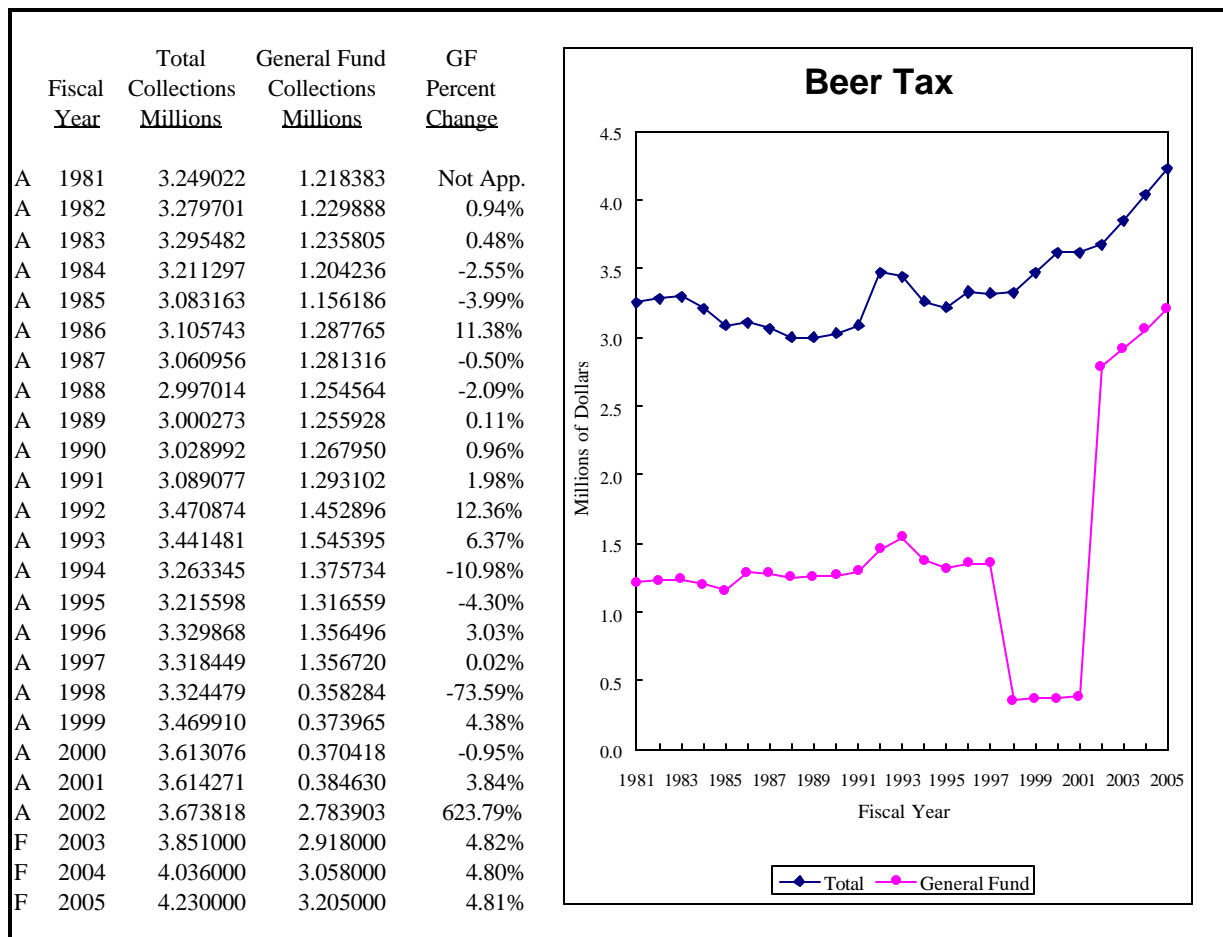
Distribution: Beer tax revenue is distributed 76.74 percent to the general fund and 23.26 percent to the DPHHS state special revenue alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 16, Chapter 1, MCA

% of Total FY 2002 General Fund Revenue: 0.22%

Revenue Projection:

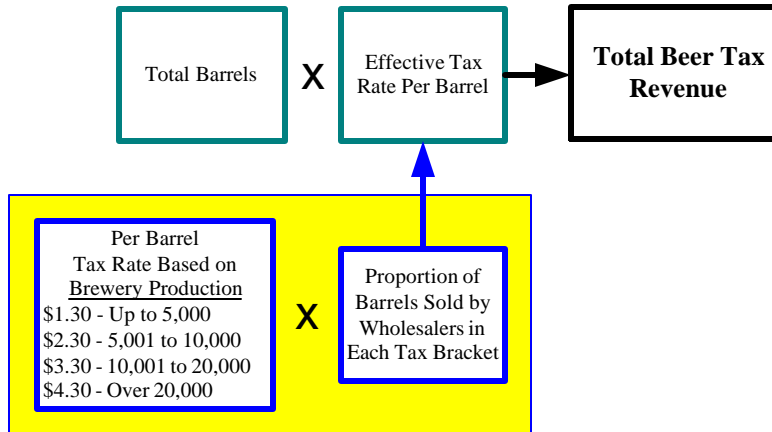


Legislative Fiscal Division

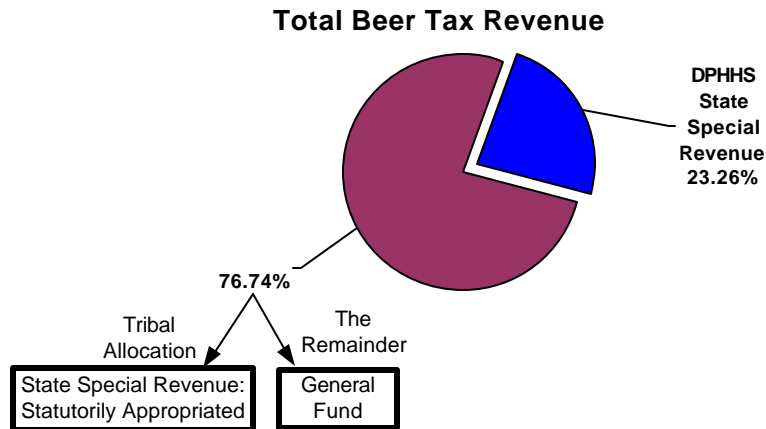
Revenue Estimate Profile

Beer Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Barrels	Tax Rate	Effective	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Barrel	Tax Rate Per Barrel	Allocation	Millions
Actual	2000	3.613076	0.370418	0.840250	4.300000		0.116283	0.049723
Actual	2001	3.614271	0.384630	0.840528	4.300000		0.116300	0.035710
Actual	2002	3.673818	2.783903	0.881114	4.300000	4.169515	0.767400	0.035385
Forecast	2003	3.851000	2.918000	0.923578	4.300000	4.169515	0.767400	0.037000
Forecast	2004	4.036000	3.058000	0.968005	4.300000	4.169515	0.767400	0.039000
Forecast	2005	4.230000	3.205000	1.014483	4.300000	4.169515	0.767400	0.041000

Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Revenue Description: The cigarette tax is an excise tax imposed on all cigarettes sold or possessed in Montana. The tax is imposed on the retail consumer, but is collected by wholesalers or retailers through the use of tax insignia. The insignia are purchased from the state and affixed to each package of cigarettes. The tax does not apply to quota cigarettes sold on an Indian reservation. In practice, the tax is levied on all cigarettes and the wholesaler receives a refund for the amount within the quota that has been sold within the boundaries of an Indian reservation. Each tribe's quota is equal to 150.0 percent of the national average for individual consumption of cigarettes multiplied by the enrolled tribal member population, or any other amount agreed to in a state-tribal agreement. The state has agreements with five tribes in Montana.

Applicable Tax Rate(s): Wholesalers pay a license fee of \$50.00 and each retailer pays a license fee of \$5.00. License fees are renewable each year and are non-transferable. The excise tax on cigarettes is \$0.70 per twenty-cigarette pack. When a pack contains more than 20 cigarettes, the tax is prorated at 1/20th of \$0.70 for each cigarette in excess of 20 cigarettes.

Distribution: All wholesaler and retailer license fees are deposited in the general fund. After deductions for tribal refunds, the cigarette tax is distributed:

- The greater of 8.3% or \$2.0 million to DPHHS for veterans' nursing home operation and maintenance
- 4.3% to the long-range building program
- The remainder to the general fund

Summary of Legislative Action:

Senate Bill 407 – In addition to increasing the cigarette tax, the legislation also: 1) increases the tobacco tax; 2) revises income taxes; 3) imposes a new four percent rental car sales tax shown in the "All Other" revenue source, and 4) imposes a three percent accommodation sales tax in addition to the existing lodging facility use tax. The revenue effects and details of these changes are shown under the respective individual revenue sources. Beginning May 1, 2003, the tax on cigarettes increased by \$0.54 to \$0.70 per 20-cigarette package, a 289 percent increase from the previous \$0.18 tax. Along with increasing the cigarette tax, the legislation reduced the discount rate that wholesalers receive holding the wholesalers at their previous level of compensation. The changes to the tax are estimated to generate total additional revenues of \$4,901,385 in fiscal 2003, \$29,408,311 in fiscal 2004, and \$28,351,795 in fiscal 2005. The distribution of cigarette taxes to the Department of Public Health and Human Services for the state veterans' nursing home was changed from 11.11 percent to the greater of 8.3 percent or \$2.0 million. Any money in this account in excess of \$2.0 million at the end of a fiscal year is transferred to the general fund. The changes are expected to increase the revenue to the department by \$357,031 in fiscal 2003, \$2,142,187 in fiscal 2004, and \$2,058,233 in fiscal 2005. Further changes in the distribution include: 1) a decrease in the long-range building program allocation from 15.85 percent to 4.3 percent, increasing the revenue \$6,132 in fiscal 2003, \$36,792 in fiscal 2004, and \$6,724 in fiscal 2005; and 2) a change in the general fund allocation from 73.04 percent to whatever remains after the previous allocations, adding \$4,538,222, \$27,229,332, and \$26,286,838 to the general fund for fiscal years 2003, 2004, and 2005 respectively.

Cigarette Tax -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
SB0407 Income tax reduction with revenue from limited sales tax	4,538,222	27,229,332	26,286,838
Total Estimated General Fund Impact	<u>\$4,538,222</u>	<u>\$27,229,332</u>	<u>\$26,286,838</u>

Legislative Fiscal Division

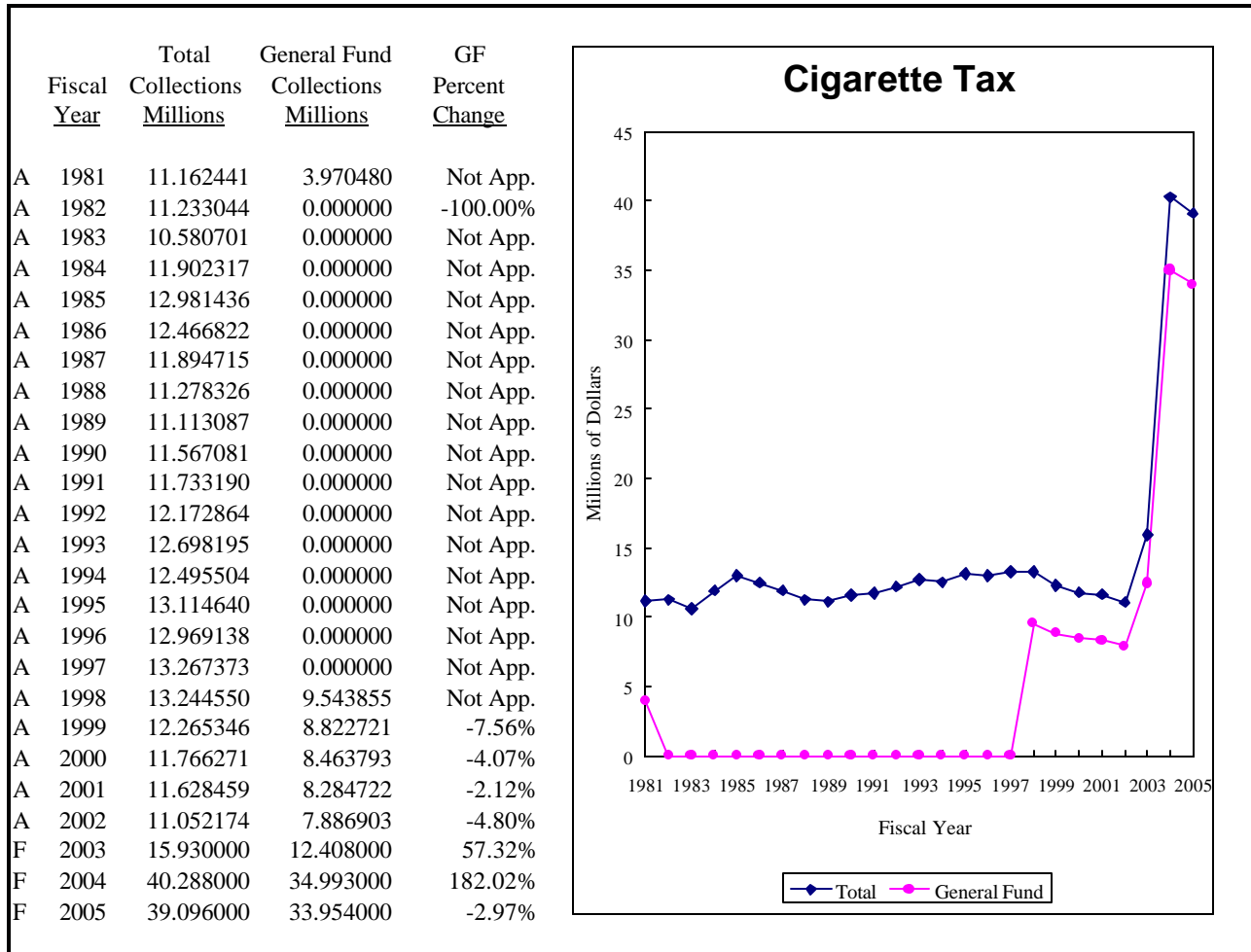
Revenue Estimate Profile

Cigarette Tax

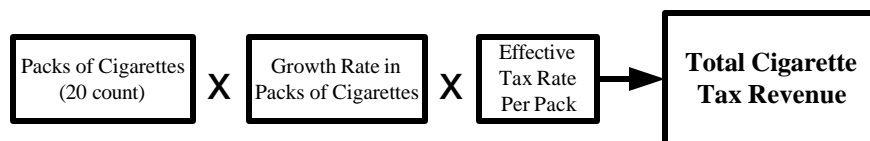
Statute: Title 16, Chapter 11, MCA

% of Total FY 2002 General Fund Revenue: 0.62%

Revenue Projection:



Forecast Methodology

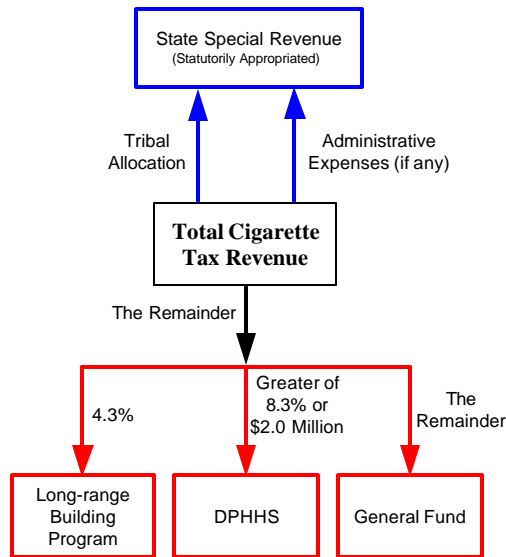


Legislative Fiscal Division

Revenue Estimate Profile

Cigarette Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Pack	ETR	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Pack	Allocation	Millions
Actual	2000	11.766271	8.463793	71.801052	0.163873	0.719327	0.178384
Actual	2001	11.628459	8.284722	66.963254	0.173654	0.712452	0.285740
Actual	2002	11.052174	7.886903	67.334264	0.164139	0.713606	0.254115
Forecast	2003	11.029000	7.870000	67.195477	0.164139	0.730400	0.254000
Forecast	2004	10.880000	7.764000	66.288119	0.164139	0.730400	0.250000
Forecast	2005	10.744000	7.667000	65.459377	0.164139	0.730400	0.247000

Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Revenue Description: The Montana Constitution (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of special fuels (primarily diesel): 1) the main source of revenue is a diesel tax of \$0.2775 per gallon paid to the Department of Transportation (DOT) for every gallon of diesel sold or used in the state; and 2) a tax of \$0.0075 is assessed on each gallon of diesel fuel for the purpose of funding petroleum storage tank cleanup.

Distributors are allowed to withhold 1.0 percent of the diesel tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for commercial vehicle use other than for use on public highways and streets, governmental use, and nonpublic school use for the transportation of pupils.

Applicable Tax Rate(s):

1. Diesel (Special) Fuel Tax - \$0.2775 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$0.0075

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) diesel tax refunds; and 4) amounts refunded through the international fuel tax agreement, diesel tax proceeds are distributed to DOT. Of that amount, 1/4 of \$0.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this revenue source.

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

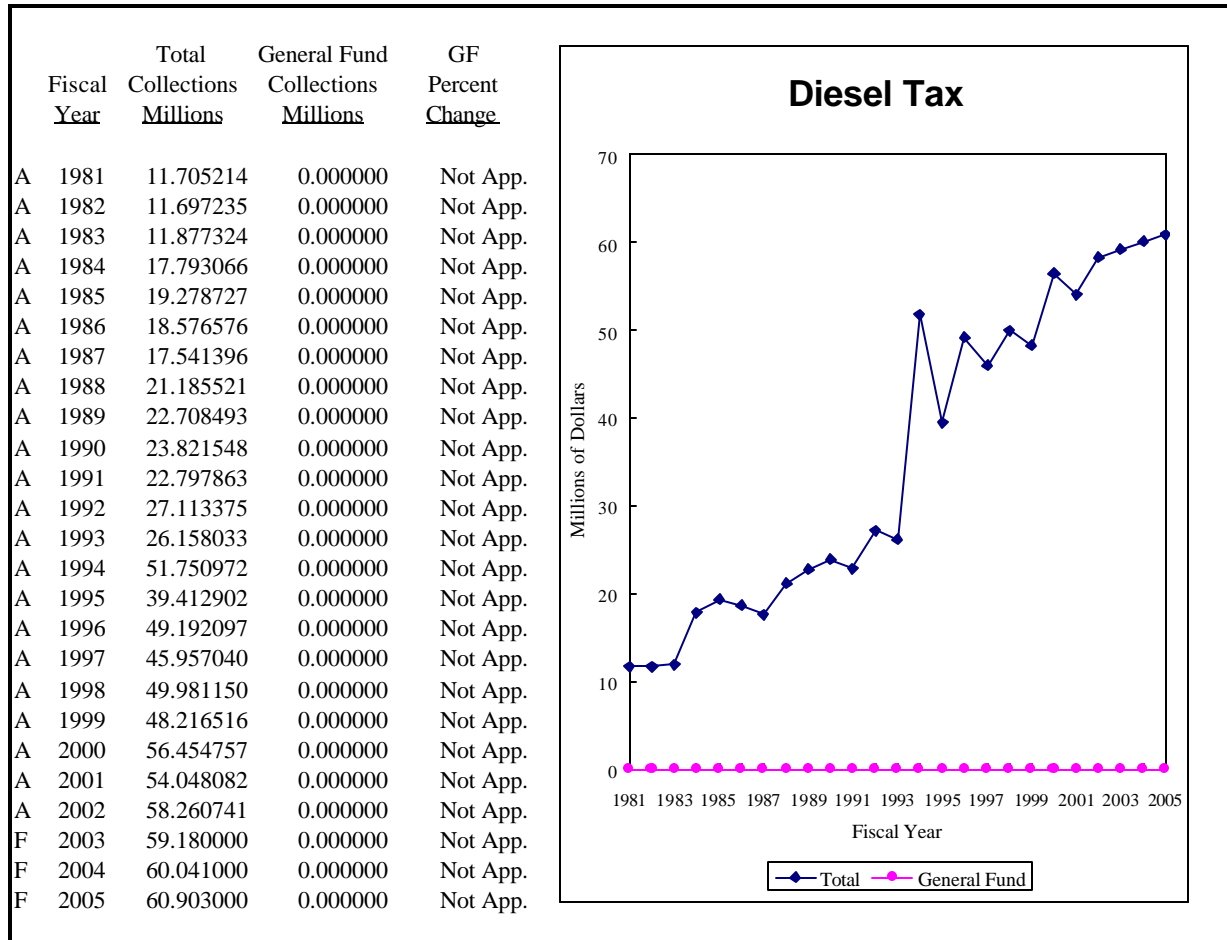
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

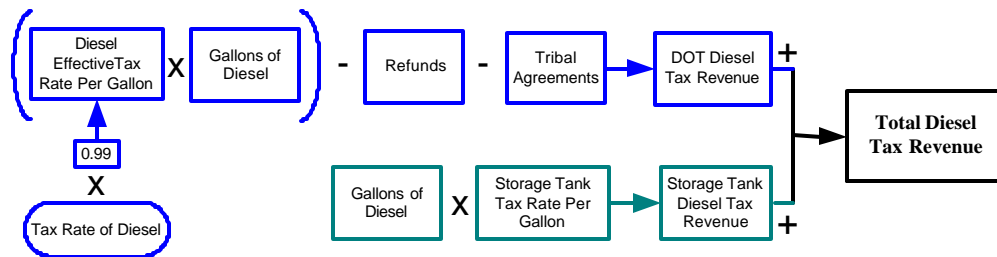
Revenue Estimate Profile

Diesel Tax

Revenue Projection:



Forecast Methodology

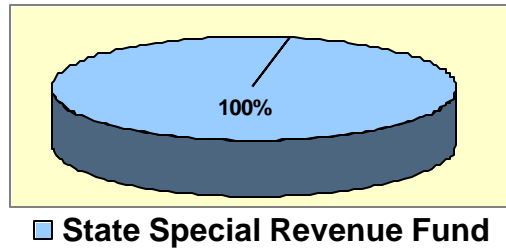


Legislative Fiscal Division

Revenue Estimate Profile

Diesel Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross</u>	<u>Diesel Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	56.454757	0.000000	59.780702	54.259213	2.195544
Actual	2001	54.048082	0.000000	57.941310	51.861214	2.186868
Actual	2002	58.260741	0.000000	62.220598	56.094333	2.166408
Forecast	2003	59.180000	0.000000	63.200350	56.950950	2.229072
Forecast	2004	60.041000	0.000000	64.122634	57.820648	2.220264
Forecast	2005	60.903000	0.000000	65.047172	58.703627	2.199491

	<u>t</u>	<u>Refunds</u>	<u>Diesel</u>	<u>Tank</u>	<u>Gallons</u>	<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Effective</u>	<u>Effective</u>	<u>Millions</u>	<u>Gallons</u>
			<u>Rate</u>	<u>Rate</u>		<u>Millions</u>
Actual	2000	-3.325945	0.274725	0.007500	209.610185	292.739200
Actual	2001	-3.893228	0.274725	0.007500	202.946372	291.582400
Actual	2002	-3.959857	0.274725	0.007500	218.597470	288.854400
Forecast	2003	-4.020328	0.274725	0.007500	221.935672	297.209620
Forecast	2004	-4.081722	0.274725	0.007500	225.324852	296.035155
Forecast	2005	-4.144054	0.274725	0.007500	228.765788	293.265496

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>GF</u>	<u>DOT</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.0000%	100.0000%	0.000000	54.259213
Actual	2001	0.0000%	100.0000%	0.000000	51.861214
Actual	2002	0.0000%	100.0000%	0.000000	56.094333
Forecast	2003	0.0000%	100.0000%	0.000000	56.951000
Forecast	2004	0.0000%	100.0000%	0.000000	57.821000
Forecast	2005	0.0000%	100.0000%	0.000000	58.704000

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Revenue Description: The constitution of the state (Article VIII, Section 6) provides that money from taxes on vehicle fuel be used solely for: 1) payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; 2) payment of county, city, and town obligations on streets roads, and bridges; and 3) enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Appropriation of the money for any other use requires a three-fifth vote of each house of the legislature.

There are two sources of revenue associated with the taxation of gasoline: 1) the primary source of revenue is a gasoline license tax of \$0.27 per gallon paid to the Department of Transportation (DOT) by every distributor for the privilege of selling gasoline; and 2) a tax of \$.0075 assessed on each gallon of gasoline for the purpose of funding petroleum storage tank cleanup..

Distributors are allowed to withhold 1.0 percent of the gasoline tax as an allowance for collecting the tax. In order to prevent the possibility of dual taxation of motor fuels purchased by Montana citizens and businesses on Indian reservations, DOT and Indian tribes may enter into a cooperative agreement. Refunds of the tax paid is provided for denaturing alcohol used in gasohol, stationary gasoline engines used off public highways and streets, and commercial vehicle use other than for use on public highways and streets.

Applicable Tax Rate(s):

1. Gasoline License Tax - \$0.27 per gallon
2. Petroleum Storage Tank Cleanup Tax - \$.0075

Distribution: After reductions for: 1) the 1.0 percent withheld by distributors; 2) administrative expenses and refund amounts deducted by DOT under a tribal agreement that are deposited in the tribal motor fuels administration account; 3) gasoline tax refunds; and 4) amounts refunded through the international fuel tax agreement, the remainder of the gasoline tax is allocated as follows:

- o 9/10 of 1.0% to the state park account
- o 15/28 of 1.0% to a snowmobile account in the state special revenue fund. This amount is further allocated 86.0% for general use, 4.33% for enforcement, 8.67% for safety and education, and 1.0% to the noxious weed trust.
- o 1/8 of 1.0% to an off-highway vehicle account in the state special revenue fund. This amount is further allocated 90% for general use (including repair of damaged areas) and 10% for safety.
- o 1/25 of 1.0% to the aeronautics revenue fund of the Department of Transportation
- o 98.3993% to DOT to be used for highway-related purposes, primarily construction projects and administrative costs. One-fourth of \$.01 per gallon is allocated specifically to the funding of highway system maintenance.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this revenue source.

Statute: Title 15, Chapter 70 and Title 60, Chapter 3, MCA

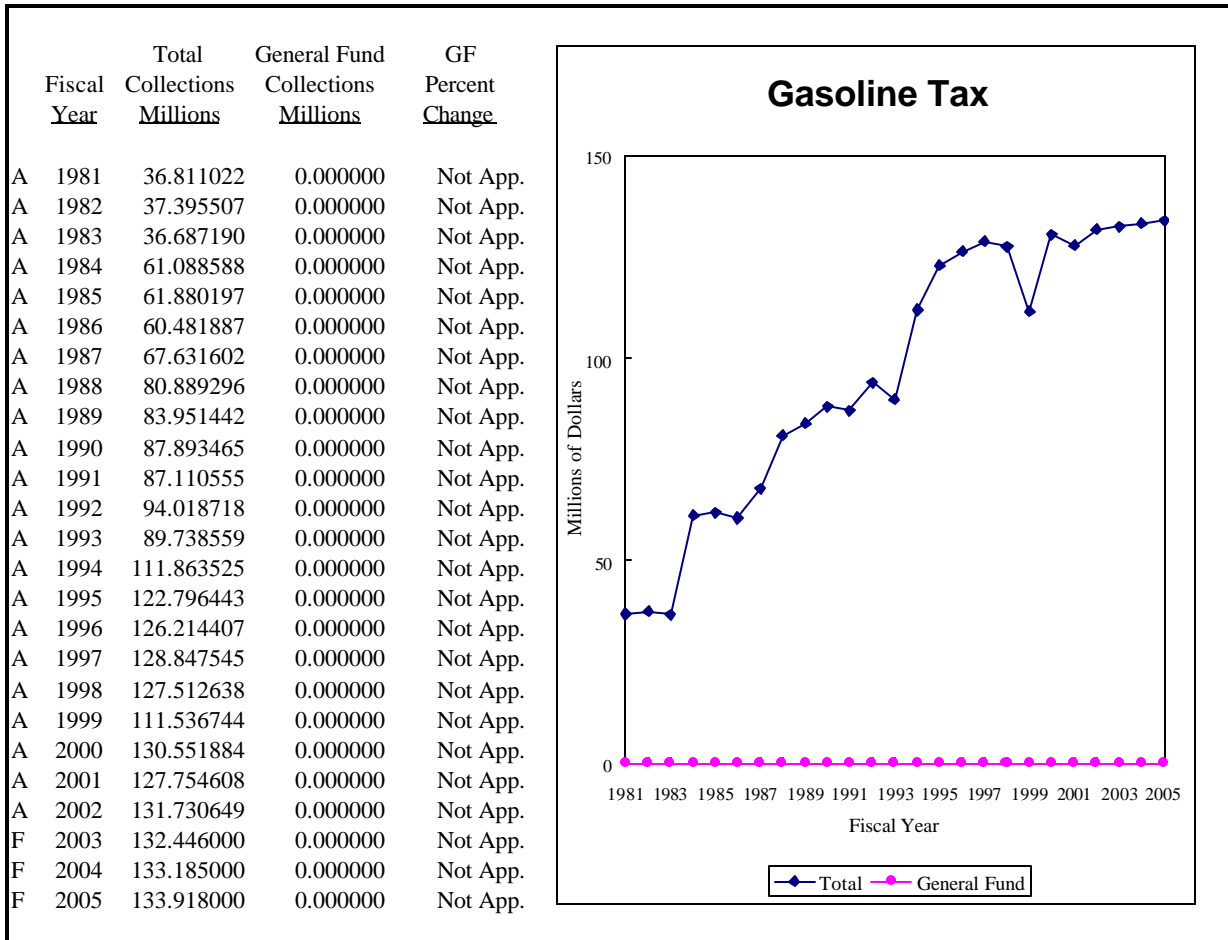
% of Total FY 2002 General Fund Revenue: N/A

Legislative Fiscal Division

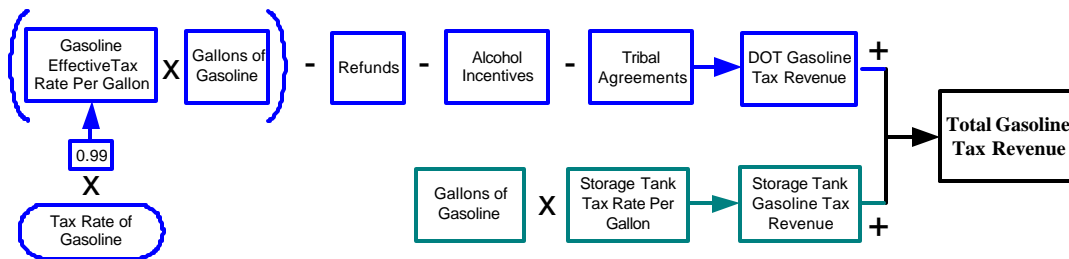
Revenue Estimate Profile

Gasoline Tax

Revenue Projection:



Forecast Methodology

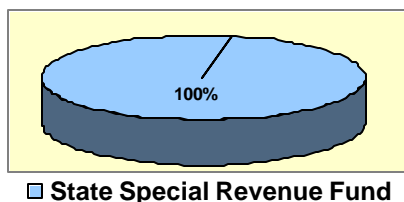


Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Gross Tax</u>	<u>Gas Tax</u>	<u>Tank Tax</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	130.551884	0.000000	137.379589	126.764307	3.787577
Actual	2001	127.754608	0.000000	134.969262	124.059136	3.695472
Actual	2002	131.730649	0.000000	138.612875	128.001188	3.729461
Forecast	2003	132.446000	0.000000	139.358335	128.696142	3.749518
Forecast	2004	133.185000	0.000000	140.107804	129.415145	3.769683
Forecast	2005	133.918000	0.000000	140.861304	130.127861	3.789956

	<u>t</u>	<u>Refunds</u>	<u>Alcohol</u>	<u>Tribal</u>	<u>Gas</u>	<u>Tank</u>	<u>Tank</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Incentives</u>	<u>Millions</u>	<u>Effective</u>	<u>Effective</u>	<u>Gallons</u>
			<u>Millions</u>	<u>Millions</u>	<u>Rate</u>	<u>Rate</u>	<u>Millions</u>
Actual	2000	-3.267807	0.000000	-3.559898	0.267300	0.007500	499.783060
Actual	2001	-3.458208	0.000000	-3.756446	0.267300	0.007500	491.110325
Actual	2002	-3.152765	0.000000	-3.729461	0.267300	0.007500	504.614343
Forecast	2003	-3.169721	0.000000	-3.742954	0.267300	0.007500	507.328159
Forecast	2004	-3.186768	0.000000	-3.736208	0.267300	0.007500	510.056570
Forecast	2005	-3.203906	0.000000	-3.739581	0.267300	0.007500	512.799654

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>FWP Snow</u>	<u>FWP Boat</u>	<u>Aeronautics</u>	<u>Off Highway</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	0.0000%	98.3551%	0.4729%	0.9253%	0.0411%	0.0000%
Forecast	2001	0.0000%	98.3544%	0.4698%	0.9272%	0.0418%	0.0000%
Forecast	2002	0.0000%	98.3640%	0.4711%	0.9227%	0.0411%	0.0000%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%
Forecast	2004	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%
Forecast	2003	0.0000%	98.3993%	0.4607%	0.9000%	0.0400%	0.0000%

Legislative Fiscal Division

Revenue Estimate Profile

Gasoline Tax

	<u>t</u>	<u>DOT</u>	<u>FWP Snow</u>	<u>FWP Boat</u>	<u>Aeronautics</u>
	<u>Fiscal</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	0.01030%	0.02060%	0.05140%	0.01030%
Forecast	2001	0.01030%	0.02050%	0.05140%	0.01030%
Forecast	2002	0.01030%	0.01950%	0.04920%	0.01030%
Forecast	2003	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2004	0.00540%	0.02320%	0.04640%	0.01250%
Forecast	2005	0.00540%	0.02320%	0.04640%	0.01250%

	<u>t</u>	<u>GF</u>	<u>DOT</u>	<u>FWP Snow</u>	<u>FWP Boat</u>	<u>Aeronautics</u>	<u>Off Highway</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	124.679120	0.599491	1.172918	0.052130	0.143357
Forecast	2001	0.000000	122.017676	0.582819	1.150251	0.051863	0.141735
Forecast	2002	0.000000	125.907096	0.603018	1.181094	0.052552	0.143185
Forecast	2003	0.000000	126.576000	0.610000	1.192000	0.053000	0.149000
Forecast	2004	0.000000	127.284000	0.613000	1.198000	0.053000	0.150000
Forecast	2005	0.000000	127.984000	0.617000	1.205000	0.054000	0.151000

	<u>t</u>	<u>Weed</u>	<u>Snow Enforce.</u>	<u>Snow Con-Ed.</u>	<u>OHV Con-Ed.</u>
	<u>Fiscal</u>	<u>Gasoline</u>	<u>Gasoline</u>	<u>Gasoline</u>	<u>Gasoline</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.013032	0.026065	0.065162	0.013032
Forecast	2001	0.012782	0.025441	0.063787	0.012782
Forecast	2002	0.013138	0.024943	0.063024	0.013138
Forecast	2003	0.007000	0.031000	0.061000	0.017000
Forecast	2004	0.007000	0.031000	0.062000	0.017000
Forecast	2005	0.007000	0.031000	0.062000	0.017000

Legislative Fiscal Division

Revenue Estimate Profile

GVW and Other Fees

Revenue Description: There are two types of revenue derived from over 20 different sources classified under gross vehicle weight (GVW) and other income: fee revenue and permit revenue. The majority of revenue is derived from a variety of GVW fees, including those fees collected by counties when vehicles are registered. Until July 1, 2001, GVW fees included the fee in lieu of taxes on all newly purchased vehicles. Miscellaneous permits comprise the second income component under this source.

Applicable Tax Rate(s): Various

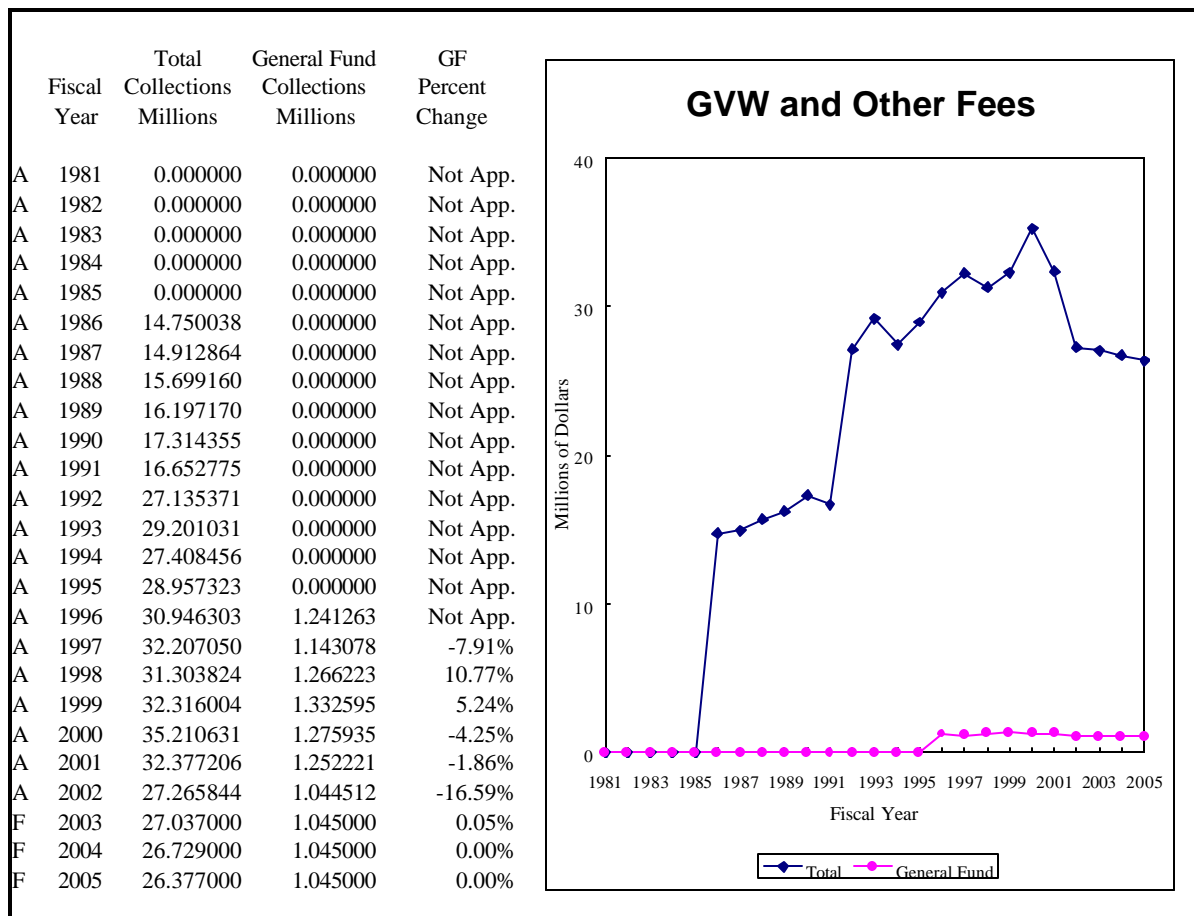
Distribution: The majority of GVW revenue is allocated to the Department of Transportation. The single state registration system fee is deposited to the general fund and is accounted for in the "All Other General Fund Revenue" profile.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 15, Chapters 24, 70 and 71; and Title 61, Chapters 3, 4 and 10, MCA

% of Total FY 2002 General Fund Revenue: 0.08% (included in "All Other")

Revenue Projection:



Legislative Fiscal Division

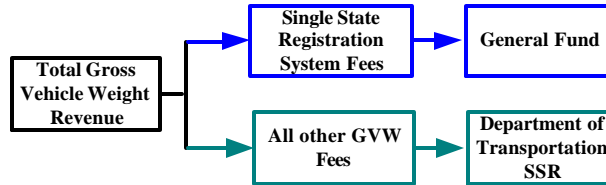
Revenue Estimate Profile

GVW and Other Fees

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	GVW	SSRS	Form 3	Trip	County
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	35.210631	1.275935	8.852775	1.275935	0.855910	0.880540	7.321056
Actual	2001	32.377206	1.252221	8.363842	1.252221	0.812782	0.844991	7.681434
Actual	2002	27.265844	1.044512	8.813717	1.044512	0.859843	0.440875	8.933475
Forecast	2003	27.037000	1.045000	8.867736	1.044512	0.843240	0.440875	8.135277
Forecast	2004	26.729000	1.045000	8.922086	1.044512	0.847436	0.440875	8.185138
Forecast	2005	26.377000	1.045000	8.976769	1.044512	0.843842	0.440875	8.235305

	t	Sales	Overweight	Special	Restricted	Fuel	LPG	Other
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	12.533721	1.459102	0.918654	0.000000	0.105370	0.000000	1.007568
Actual	2001	9.923131	1.768619	0.953853	0.000000	0.124626	0.000000	0.651707
Actual	2002	-0.639815	1.845340	0.902845	0.000000	0.107580	0.000000	0.401431
Forecast	2003	0.000000	1.954163	0.910424	0.000000	0.110872	0.000000	0.401431
Forecast	2004	0.000000	2.067339	0.922505	0.000000	0.110872	0.000000	0.401431
Forecast	2005	0.000000	2.171928	0.931838	0.000000	0.110872	0.000000	0.401431

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Excise and License Tax

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and for liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A portion of the excise tax revenue is returned to Indian tribes through an agreement with the department.

Applicable Tax Rate(s):

Excise Tax Rate

- ?? 16.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- ?? 13.8% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed, and sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

License Tax Rate

- ?? 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- ?? 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated 34.5 percent to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 16, Chapter 1, MCA

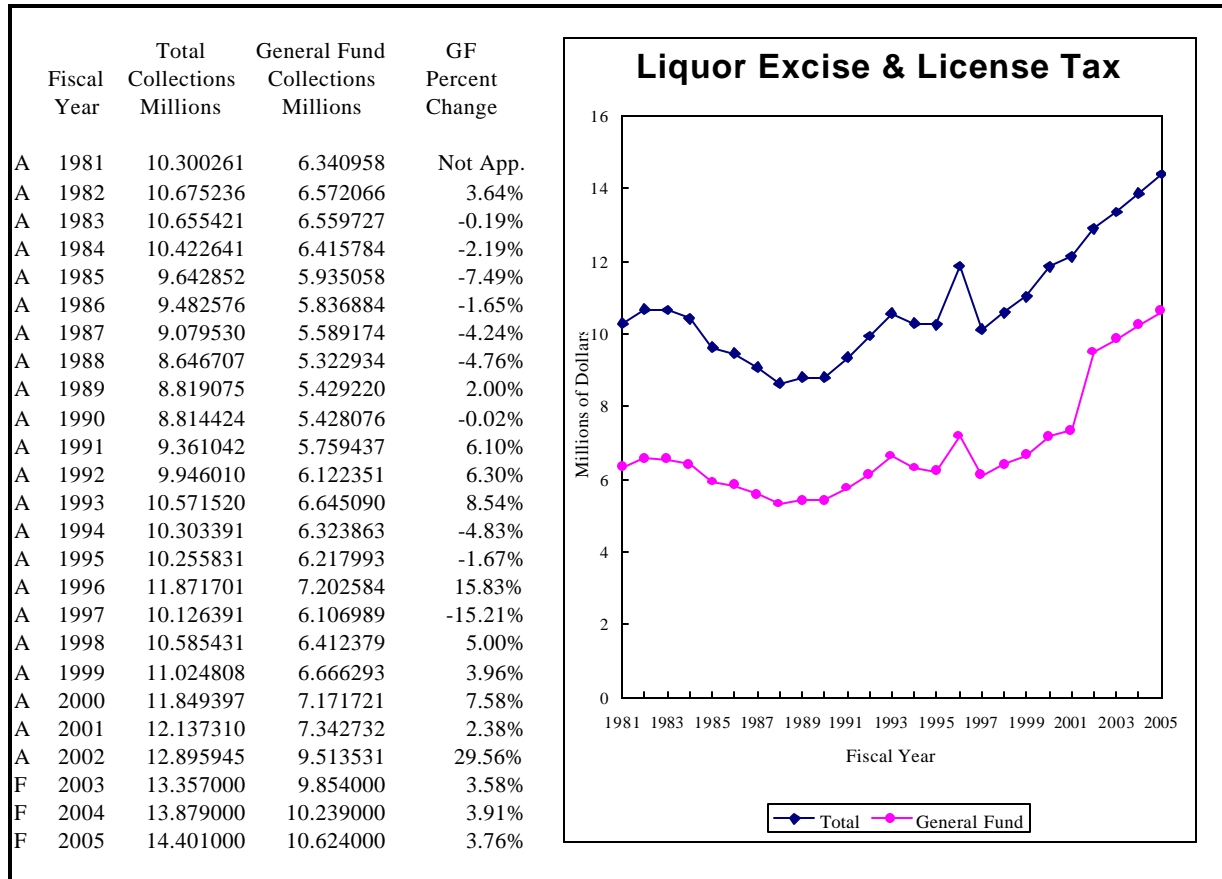
% of Total FY 2002 General Fund Revenue: 0.75%

Legislative Fiscal Division

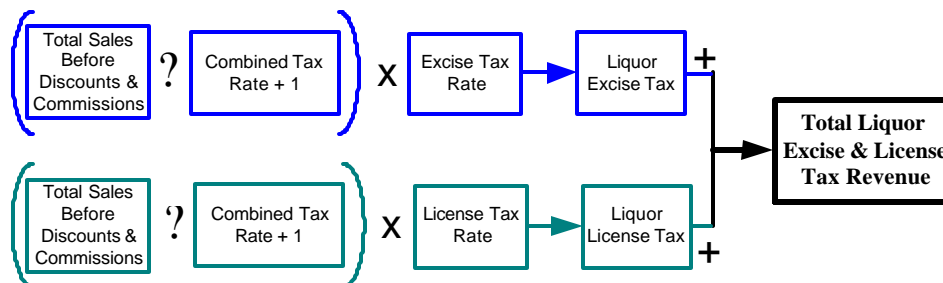
Revenue Estimate Profile

Liquor Excise and License Tax

Revenue Projection:



Forecast Methodology

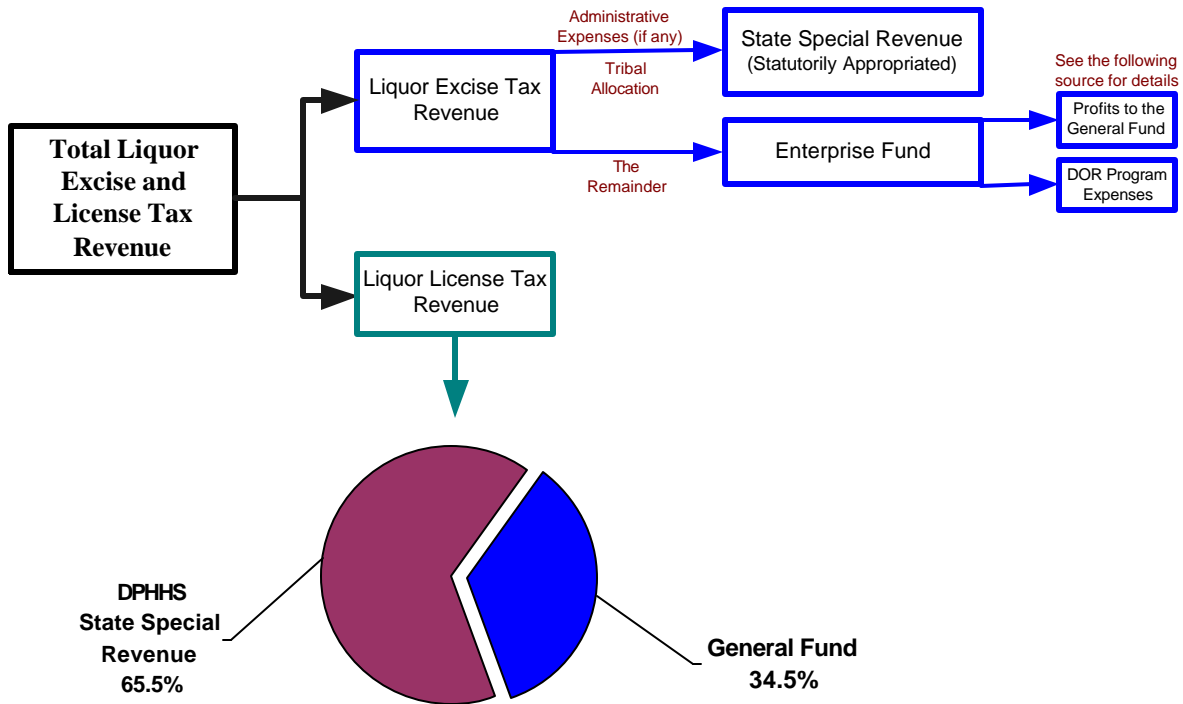


Legislative Fiscal Division

Revenue Estimate Profile

Liquor Excise and License Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Tribal	Gross	Excise	License	GF Tax
	Fiscal	Millions	Millions	Millions	Sales	Rate	Rate	Allocation
Actual	2000	11.849397	7.171721	0.118276	57.467696	0.160000	0.100000	
Actual	2001	12.137310	7.342732	0.126171	58.844284	0.160000	0.100000	
Actual	2002	12.895945	9.513531	0.133456	62.514926	0.160000	0.100000	0.194518
Forecast	2003	13.357000	9.854000	0.138000	64.729951	0.160000	0.100000	0.194500
Forecast	2004	13.879000	10.239000	0.144000	67.260279	0.160000	0.100000	0.194500
Forecast	2005	14.401000	10.624000	0.149000	69.790607	0.160000	0.100000	0.194500

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor and wine to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up on wine (excluding hard cider) varies according to the size of the container and whether or not it is fortified wine or table wine. The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

Applicable Tax Rate(s): N/A

Distribution: Liquor profits are usually deposited in the general fund annually.

Summary of Legislative Action:

Senate Bill 415 – Based on more stringent requirements for golf courses that must obtain a retail beer and wine license, one new application is expected in the 2005 biennium. General fund revenue is expected to increase \$500 in fiscal 2004 and \$400 in fiscal 2005.

Liquor Profits -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
SB0415 Revise law on golf course beer and wine licenses		500	400
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$500</u>	<u>\$400</u>

Statute: Title 16, Chapter 2, MCA

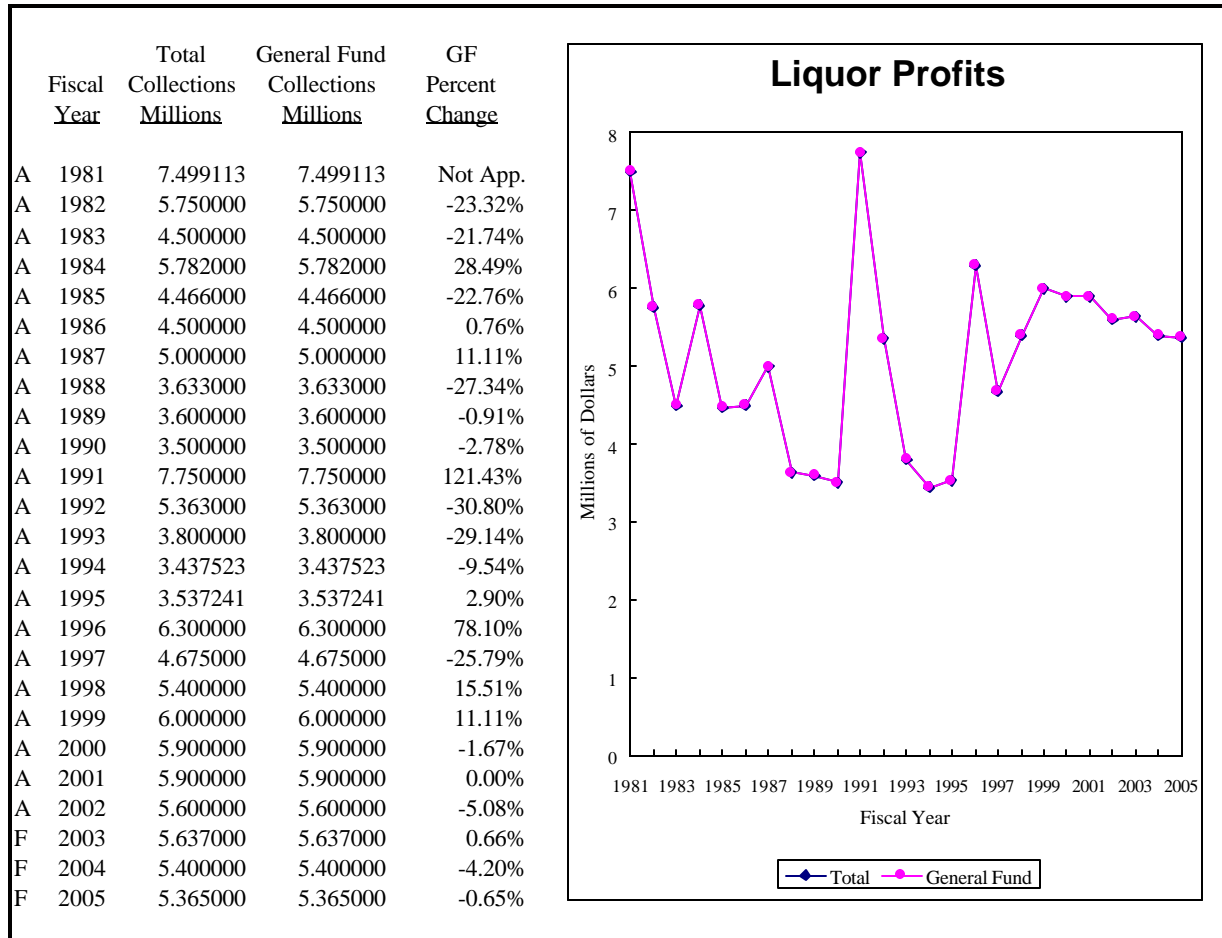
% of Total FY 2002 General Fund Revenue: 0.44%

Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Projection:

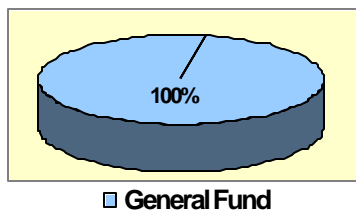


Forecast Methodology

For the prior year:



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Liquor Profits

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Profit	Gross	Excise/Lic	Dis/Comm	Cost of	Operation
	Fiscal	Millions	Sales	Tax	Millions	Goods	Costs
Actual	2000	5.900000	57.467696	11.853082	6.003244	32.318259	1.202429
Actual	2001	5.900000	58.844284	12.141061	6.134579	33.666541	1.301124
Actual	2002	5.600000	62.514926	12.898347	6.797458	35.766944	1.416026
Forecast	2003	5.637000	64.729951	13.356974	7.038306	37.117397	1.530377
Forecast	2004	5.399000	67.260279	13.879105	7.313437	38.682070	1.518691
Forecast	2005	5.365000	69.790607	14.401236	7.588568	40.255972	1.523234

	t	Other	Leg. Impact
	Fiscal	Income	Millions
Actual	2000	0.039667	0.000000
Actual	2001	0.003416	0.000000
Actual	2002	0.000616	0.000000
Forecast	2003	0.000000	0.288608
Forecast	2004	0.000000	0.502211
Forecast	2005	0.000000	0.747240

Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Description: The Montana state lottery was enacted by legislative referendum and became effective January 1, 1987. The first lottery game was launched in June 1987. A lottery is generally defined as “any procedure in which one or more prizes are distributed among persons who have paid for a chance to win a prize”. The games are administered by the Department of Administration. By law, a minimum of 45.0 percent of the money paid for tickets or chances must be paid out as prizes.

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. Revenue is initially deposited into an enterprise fund known as the state lottery fund.

Applicable Tax Rate(s): There is no actual tax rate involved. However, applicants for sales agent licenses are charged a \$50.00 fee to cover the cost of investigating and processing the applications.

Distribution: All gross lottery revenue not used for prizes, commissions, and operating expenses, together with the interest earned (on the gross revenue while the gross revenue is in the enterprise fund), is considered net revenue. This net revenue is transferred to the general fund. Senate Bill 55, passed by the 1999 legislature, requires the Department of Commerce to submit a 2003 biennium budget for the state lottery fund for appropriation by the legislature. By controlling the appropriations, the legislature has better control over the amount transferred to the general fund.

Summary of Legislative Action:

House Bill 2 - The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on appropriations requested in the Executive Budget, final appropriations set by the legislature may differ. Due to changes in appropriations of money from the state lottery fund, general fund revenue is expected to decrease by \$659,619 in fiscal 2004 and increase by \$663,859 in fiscal 2005.

Lottery Profits -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
HB0002 General appropriations act		(659,619)	663,859
Total Estimated General Fund Impact	<u>\$0</u>	<u>(\$659,619)</u>	<u>\$663,859</u>

Statute: Title 23, Chapter 7, MCA

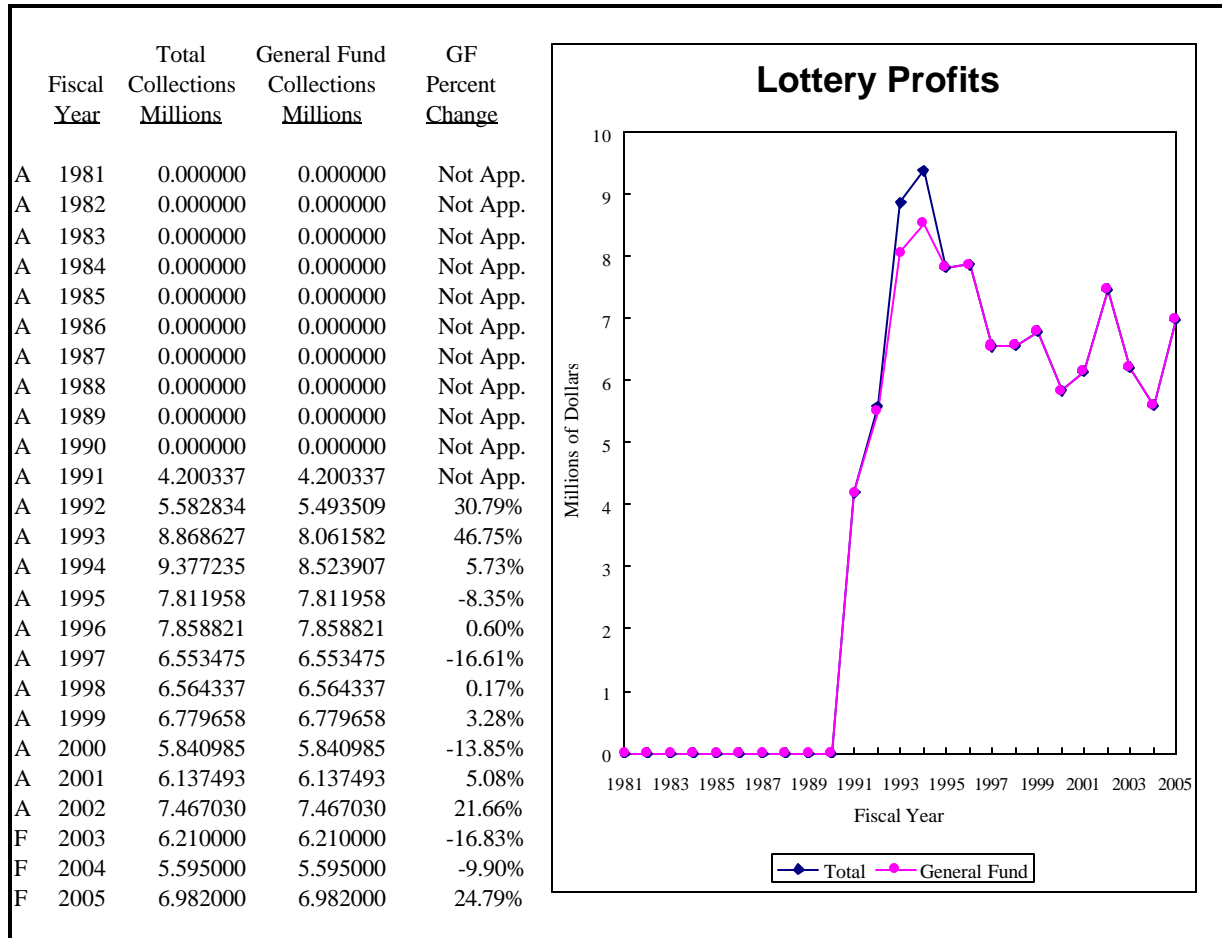
% of Total FY 2002 General Fund Revenue: 0.59%

Legislative Fiscal Division

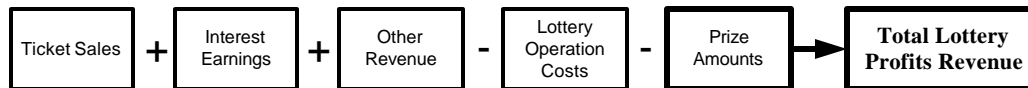
Revenue Estimate Profile

Lottery Profits

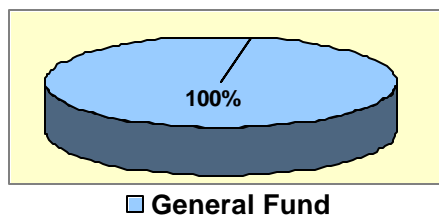
Revenue Projection:



Forecast Methodology



Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Lottery Profits

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Profit	GF Profits	Sales	Interest	Other	Operating	Prizes
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	5.840985	5.840985	29.899809	0.278620	0.075465	7.008184	17.320959
Actual	2001	6.137493	6.137493	30.366526	0.275320	0.056324	7.098908	17.462046
Actual	2002	7.467030	7.467030	33.632276	0.145685	0.039096	6.855120	19.085781
Forecast	2003	6.210000	6.210000	30.597051	0.088892	0.039096	6.855120	17.659761
Forecast	2004	6.255000	6.255000	30.765252	0.131604	0.039096	6.923671	17.756842
Forecast	2005	6.318000	6.318000	30.933453	0.192375	0.039096	6.992908	17.853923

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Tax

Revenue Description: Beginning May 1, 2003, a tax of 25.0 percent of the wholesale price of tobacco products other than cigarettes is collected by the Department of Revenue (DOR). The tax is considered to be a direct tax on retail consumers, but is collected by the wholesaler. Tobacco products shipped from Montana and destined for retail sale and consumption outside the state are not subject to the tax. The wholesaler must pay DOR the taxes in full less a 5.0 percent discount for the wholesaler's collection and administrative expense. The wholesaler is entitled to a refund for tobacco products that remain unsold.

The state has a tobacco agreement with only one tribe in Montana. In the agreement with the Blackfeet Tribe, the state collects a tax imposed by the Tribe and forwards the revenue to the Tribe. Indian consumers of tobacco on other reservations pay the tobacco tax.

Applicable Tax Rate(s): The tax is 25.0 percent of the wholesale price of (non-cigarette) tobacco products and \$0.35 an ounce for moist snuff.

Distribution: All proceeds, less distributions paid according to tribal agreements, are deposited into the general fund.

Summary of Legislative Action:

Senate Bill 407 – In addition to increasing the tobacco tax, the legislation also: 1) increases the cigarette tax; 2) revises income taxes; 3) imposes a new rental car sales tax shown in the “All Other” revenue category, and 4) imposes a three percent accommodation sale tax in addition to the existing lodging facility use tax. The revenue effects and details of these changes are shown under the respective individual revenue sources. Beginning May 1, 2003, the tax on all tobacco products other than cigarettes doubled from 12.5 percent to 25.0 percent of the wholesale price. Furthermore, the tax on moist snuff increased from the equivalent of \$0.28 an ounce to \$0.35 an ounce. The changes to the tax are estimated to increase general fund revenue \$136,762 in fiscal 2003, \$820,574 in fiscal 2004, and \$833,532 in fiscal 2005

Tobacco Tax -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium				
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005	
SB0407 Income tax reduction with revenue from limited sales tax	136,762	820,574	833,532	
Total Estimated General Fund Impact	<u>\$136,762</u>	<u>\$820,574</u>	<u>\$833,532</u>	

Statute: Title 16, Chapter 11, MCA

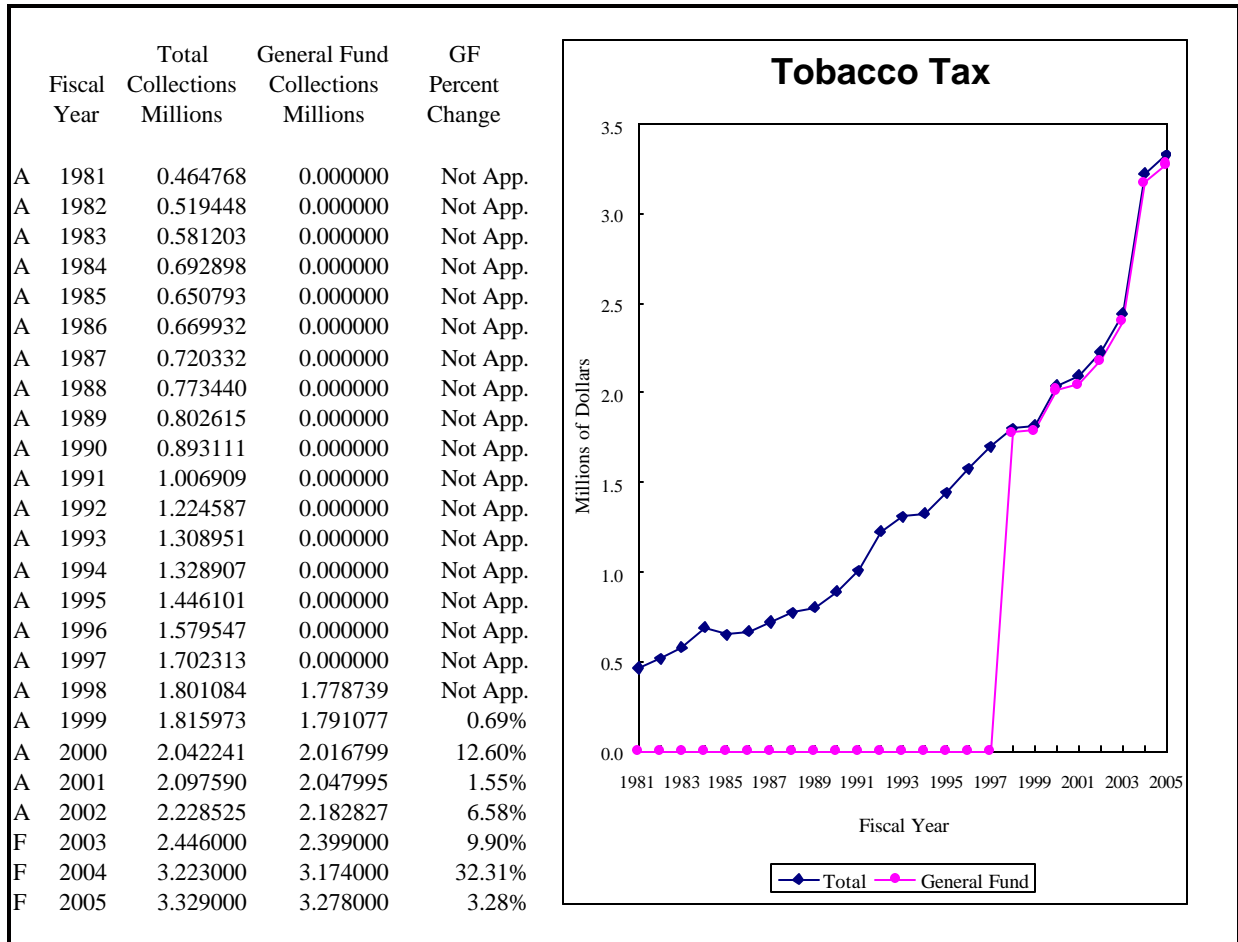
% of Total FY 2002 General Fund Revenue: 0.17%

Legislative Fiscal Division

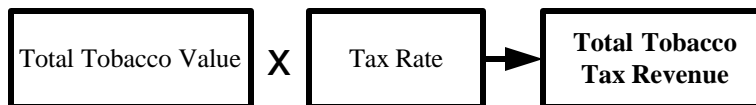
Revenue Estimate Profile

Tobacco Tax

Revenue Projection:



Forecast Methodology

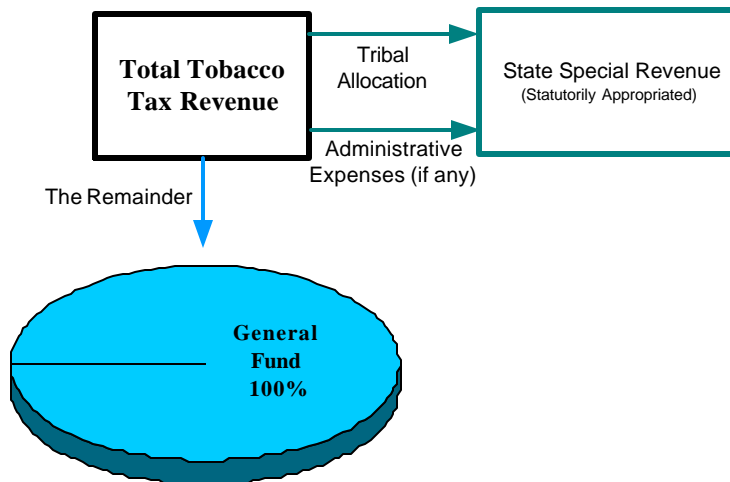


Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Tribal	Value	Tax Rate
	Fiscal	Millions	Millions	Millions	Millions	Percent
Actual	2000	2.042241	2.016799	0.025442	16.337928	12.5000%
Actual	2001	2.097590	2.047995	0.049595	16.780720	12.5000%
Actual	2002	2.228525	2.182827	0.045698	17.828200	12.5000%
Forecast	2003	2.309000	2.262000	0.047348	18.472555	12.5000%
Forecast	2004	2.402000	2.353000	0.049255	19.217691	12.5000%
Forecast	2005	2.495000	2.444000	0.051162	19.962827	12.5000%

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Revenue Description: Video gambling income is derived from two sources: license fees and video gambling taxes. There are three types of license fees that generate revenue. Numerous fees are paid by operators for both video gambling machines and for non-video games such as poker. In addition, persons pay an annual fee for the right to assemble, produce, or manufacture video gambling machines or associated equipment. The video gambling tax is paid by licensed video gambling machine operators. License holders are charged a tax of 15.0 percent of the gross income from each licensed video gambling machine. The Department of Justice (DOJ) issues video gambling licenses and permits and collects the fees and taxes. With the enactment of House Bill 124 by the 2001 legislature, all of the video gambling tax is deposited into the general fund.

Applicable Tax Rate(s):

License Fees

- ?? Video Gambling Machine Permit - \$200 annually, \$25 machine transfer processing fee
- ?? Video Gambling Machine Permit Surcharge - \$10 annually per machine in establishments with fewer than 20 machines, \$20 annually per machine in establishments with 20 machines
- ?? Video Gambling Manufacturer License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application. The manufacture license may be waived by the DOJ if the manufacture is also a licensed distributor or route operator.
- ?? Video Gambling Machine Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- ?? Distributor License - \$1,000 annually. The distributor license may be waived by the DOJ if the distributor is also a licensed operator or manufacturer. An additional application fee is charged distributors to cover processing costs of the initial application.
- ?? Route Operator License - \$1,000 annually. The operator license may be waived by the DOJ if the operator is also a licensed distributor or manufacturer. An additional application fee is charged operators to cover processing costs of the initial application.
- ?? Bingo/Keno Manufacture License - \$1,000 annually. An additional application fee is charged manufacturers to cover processing costs of the initial application.
- ?? Gambling Establishment Operator License – An amount equal to the actual DOJ costs of determining licensure qualifications
- ?? Antique Slot Machine Seller Permit - \$50 annually
- ?? Live Card Game Table - \$250 annually for the first table and \$500 for each additional table
- ?? Card Game Dealer License - \$75 for the first year, \$25 for each subsequent year
- ?? Pinochle Tournament Permit - \$25
- ?? Card Room Contractor License - \$150 annually
- ?? Bingo/Keno Permit - \$250 annually
- ?? Bingo/Keno Examination Fee – An amount equal to actual DOJ costs of examining the electronic equipment
- ?? Sports Tab Game Seller License - \$100 annually. An additional application fee is charged to cover processing costs of the initial application.
- ?? Casino Night Permit - \$25

Gambling Taxes

- ?? Video - 15.0% of gross income per video gambling machine
- ?? Bingo/Keno – 1.0% of gross proceeds
- ?? Sport Tabs - \$1.00 for each 100 sport tabs sold
- ?? Annual permit surcharge - \$10.00 per machine for establishments with fewer than 20 machines, \$20.00 per machine for establishments with 20 machines

Distribution:

License Fees

1. \$100 of the live card game table fee and \$100 of the video gambling machine permit fee are statutorily appropriated for distribution to local governments.
2. All of the video gambling machine permit surcharge fee is deposited to the general fund.
3. All other license fee revenue is retained by DOJ to cover administrative costs.

Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Gambling Taxes

Video - All of video gambling tax receipts are deposited into the general fund.

Bingo/Keno – All collections are statutorily appropriated for distribution to the municipality or county in which the game is located.

Sport Tabs – All collections are retained by DOJ for administration purposes.

Summary of Legislative Action:

House Bill 758 – Laws relating to video gambling machines are revised and a new annual permit surcharge prorated by the number of machines is imposed on establishments. Beginning fiscal 2004, establishments with fewer than 20 video gambling machines on the premises are assessed an annual permit surcharge of \$10 per machine and establishments with 20 machines are assessed a surcharge of \$20 per machine. All of the surcharge revenue is deposited to the general fund for increases of \$256,710 in fiscal years 2004 and 2005.

Video Gambling Tax -- Legislation Passed by 58th Legislature Estimated General Fund Impact for the 2005 Biennium			
Bill Number and Short Title	Fiscal 2003	Fiscal 2004	Fiscal 2005
HB0758 Surcharge fee on video gambling machines and smoking ordinance exemption		256,710	256,710
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$256,710</u>	<u>\$256,710</u>

Statute: Title 23, Chapter 5, MCA

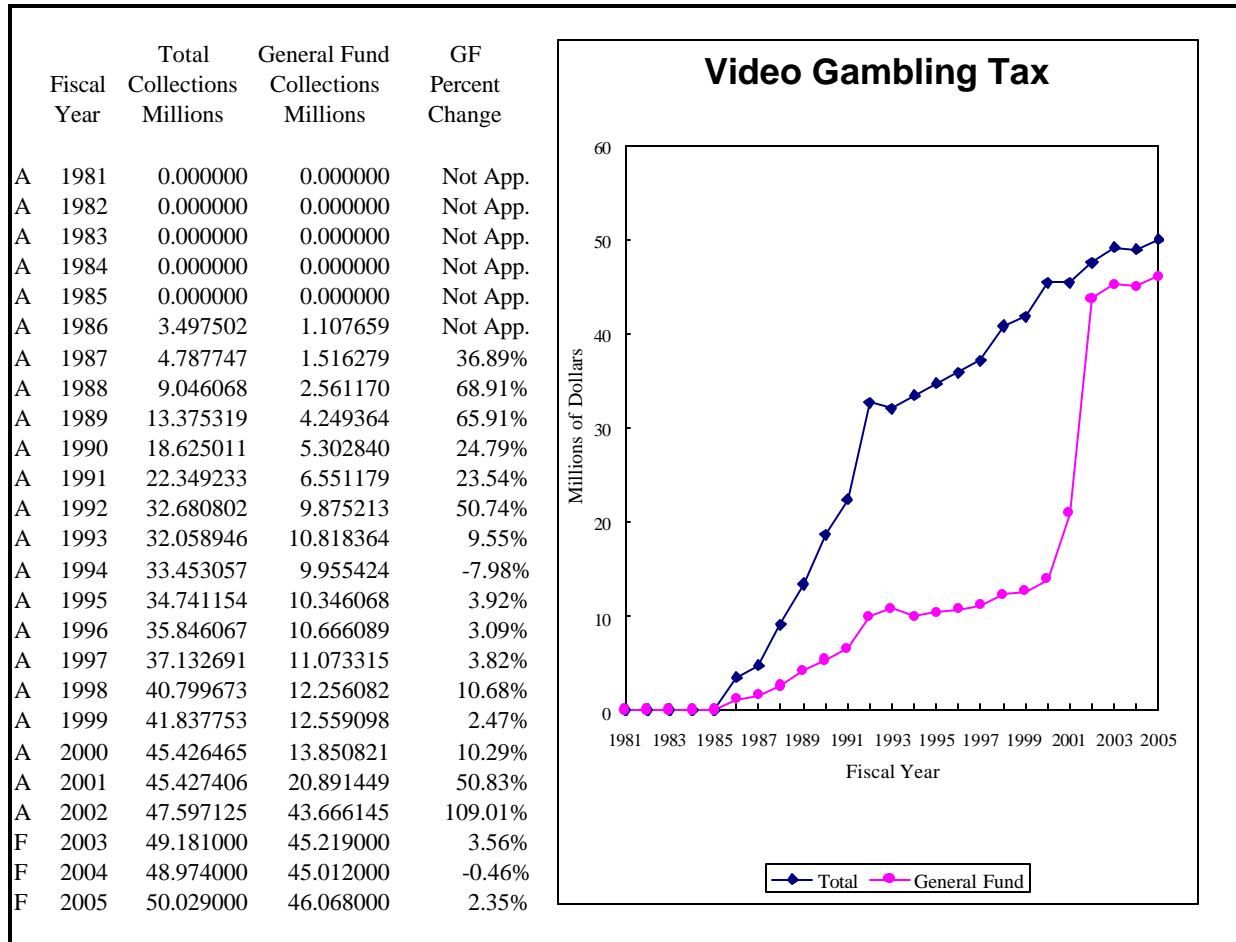
% of Total FY 2002 General Fund Revenue: 3.45%

Legislative Fiscal Division

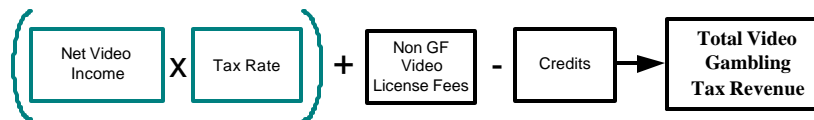
Revenue Estimate Profile

Video Gambling Tax

Revenue Projection:



Forecast Methodology

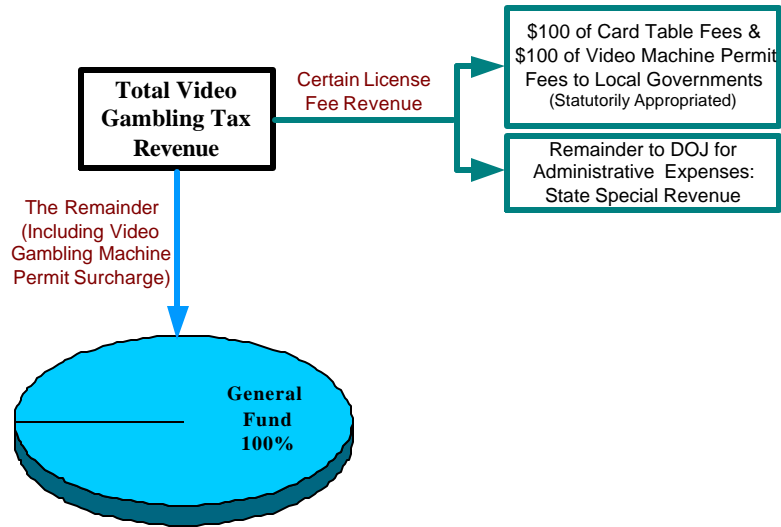


Legislative Fiscal Division

Revenue Estimate Profile

Video Gambling Tax

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Net Income		Net Income	
	Fiscal	Millions	Millions	Millions	Tax Rate	Tax Millions	Non GF Fee Millions
Actual	2000	45.426465	13.850821	269.776957	0.150000	41.431382	3.995083
Actual	2001	45.427406	20.891449	275.874070	0.150000	41.502013	3.925393
Actual	2002	47.597125	43.666145	290.307355	0.150000	43.668454	3.928671
Forecast	2003	49.181000	45.219000	296.113502	0.150000	45.219000	3.962000
Forecast	2004	48.717000	44.755000	302.035772	0.150000	44.755000	3.962000
Forecast	2005	49.772000	45.811000	308.076487	0.150000	45.811000	3.961000

	t	Annual	Tax	Tax	GF Percent
	Fiscal	Growth Rate	Credits Millions	Efficiencies Millions	Allocation
Actual	2000	0.067667	0.000000	0.000000	0.334307
Actual	2001	0.022601	0.000000	0.000000	0.503384
Actual	2002	0.052318	0.000000	0.000000	0.999840
Forecast	2003	0.020000	0.000000	0.000000	1.000000
Forecast	2004	0.020000	-0.550000	0.000000	1.000000
Forecast	2005	0.020000	-0.400000	0.000000	1.000000

Legislative Fiscal Division

Revenue Estimate Profile

Wine Tax

Revenue Description: A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

Applicable Tax Rate(s): A tax of \$0.27 is imposed per liter of wine and a tax of \$0.037 per liter is imposed on hard cider. An additional tax of \$0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

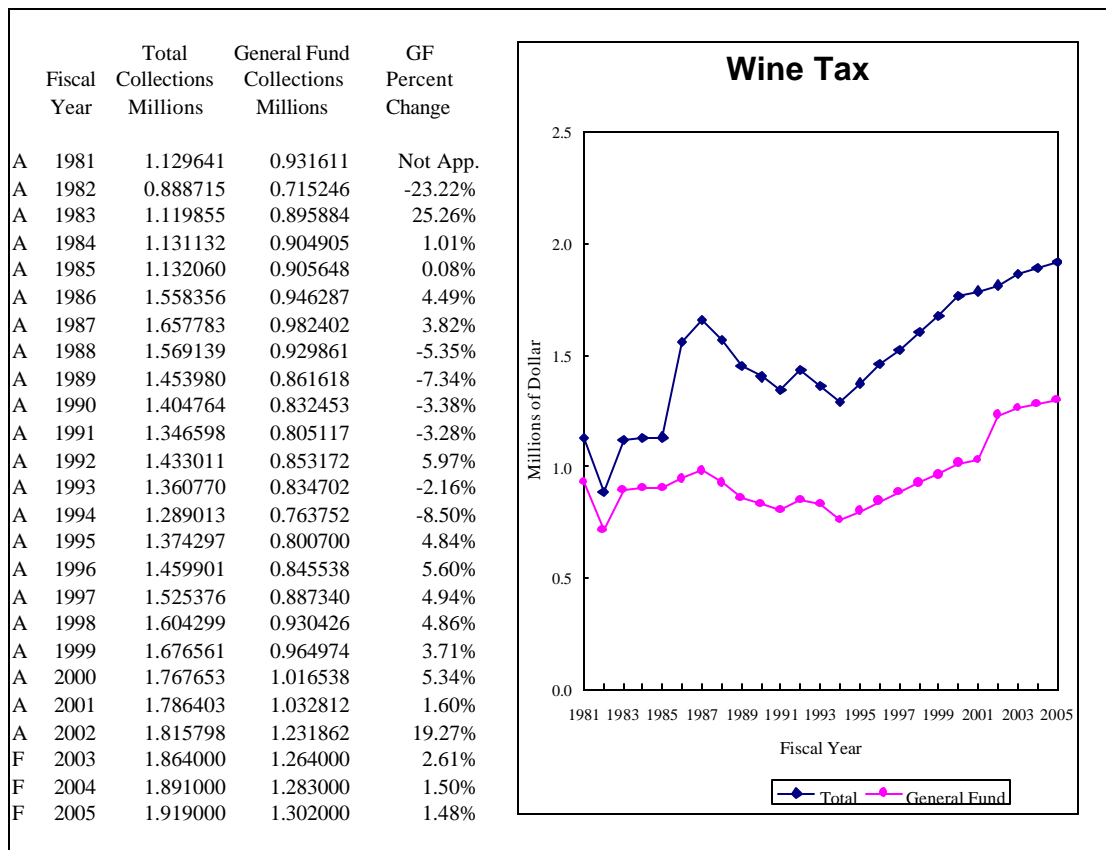
Distribution: The \$0.01 per liter tax is deposited into the general fund. Other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Summary of Legislative Action: The 58th Legislature did not enact legislation that impacted this general fund revenue source.

Statute: Title 16, Chapters 1 and 2, MCA

% of Total FY 2002 General Fund Revenue: 0.10%

Revenue Projection:

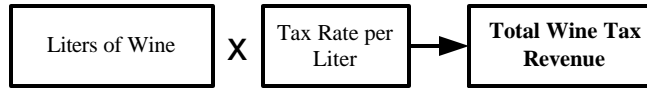


Legislative Fiscal Division

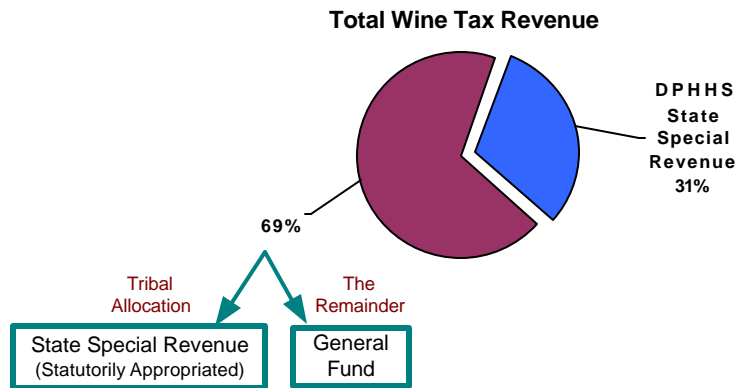
Revenue Estimate Profile

Wine Tax

Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2003 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Liters	Tax Rate	GF Percent	Tribal
	Fiscal	Millions	Millions	Millions	Per Liter	Allocation	Millions
Actual	2000	1.767653	1.016538	6.546863	0.270000	0.590200	0.026730
Actual	2001	1.786403	1.032812	6.616307	0.270000	0.590257	0.021624
Actual	2002	1.815798	1.231862	6.725178	0.270000	0.690186	0.021376
Forecast	2003	1.864000	1.264000	6.904972	0.270000	0.690000	0.022000
Forecast	2004	1.891000	1.283000	7.006805	0.270000	0.690000	0.022000
Forecast	2005	1.919000	1.302000	7.109331	0.270000	0.690000	0.022000